

## Q&A's on Assurance for Responsible Gold Mining Principles

*This is a list of questions selected from the three World Gold Council webinars held for assurance providers on 23 July and 27/28 July 2020. The Q+As have been paraphrased, condensed, and/or supplemented with additional information to improve clarity.*

**Question 1 – Assurance standard:** What standards and independence requirements do assurance providers have to adhere to?

**Answer 1:** The assurance standard should be in line with normal professional standards, of conduct for assurance and audit firms. While the Assurance Framework does not prescribe a specific standard, assurance providers must use a globally recognised assurance standard, such as ISAE3000 (see section 2.2 of the Assurance Framework).

**Q2 - Competency levels:** How will members ensure competency levels in the assurance team when it comes to looking at the technical aspects on site, and not just competency related to reviewing, for example, sustainability reports?

**A2 –** It is critical to have experienced people who are not just able to review the sustainability report but are also able to assess what good practices look like at a mine site. The assurance process is primarily aimed at reviewing policies, systems and performance on the ground, so assurance team experience and knowledge of mining at the site level is critical. Criteria for judging the competence of assurance providers is included in Table 2 of the Assurance Framework.

**Q3 – Assurance provider limits:** Will there be a limited number of audits an Assurance Provider can perform for WGC member companies?

**A3: –** Currently we do not have a limitation as to the maximum number of audits by an assurance provider.

**Q4 – Accreditation for assurance providers:** Do you plan, in future, to certify/accredit assurance providers? Mining Association of Canada (MAC) has continuing training and updating for TSM assurance providers.

**A4 –** Accreditation of assurance providers is not in our current plan since the World Gold Council, like the ICMM, is a membership organisation and believes that it would be difficult for it simultaneously to act as a certification body. Thus, we may issue guidance or undertake briefing sessions for assurance providers but we have no plans to accredit assurance providers.

**Q5 – Disclosure of equivalency tables:** Will the equivalency tables be available for all to review or just WGC members?

**A5:** The intention is that these will be public documents once finalised. We are still working with ICMM and MAC to finalise them.

**Q6 – Timing of RGMP reports:** Do you expect WGC members to start reporting on the RGMP's in their 2020 Sustainability Reports?

**A6:** Yes, in fact we have already seen references to the RGMP's in members' 2019 Sustainability Reports including commitments to implement the RGMPs and descriptions of their initial steps towards conformance.

**Q7 - Comparisons to IRMA:** How do the RGMPs compare to the Initiative for Responsible Mining Assurance (IRMA) framework? Do you anticipate recognising the comprehensive IRMA standard as meeting the requirements of the RGMP?

**A7:** We have looked across a number of different frameworks and the IRMA framework, after 10+ years in development, is now reaching a point where it is being applied at certain mine sites. One of the major differences is that the IRMA standard is aimed at individual site certification, whereas RGMP conformance is at the company level based on implementation and assurance across the organisation, including at site level. The IRMA standard is exceptionally comprehensive in terms of the level of detail and is much more prescriptive than the principles based RGMPs. This also potentially makes it expensive to implement and to achieve full certification, even at a single mine site.

We have not done line by line comparison with IRMA, but as with the other comparative standards, there is a lot of overlap. At this stage we do not intend to have cross recognition with IRMA although it is something we may consider in the future and we continue to stay in touch with IRMA. We are interested in seeing, in general, increased convergence in all standards that promote a high bar for responsible mining.

**Q8 – Implementation experience to date:** Is there any experience you can share on how organisations have been doing with the implementation to date?

**A8:** Unfortunately, the Covid-19 pandemic has slowed the implementation plans of some companies, but we are still seeing, overall, that they are progressing well. At the CEO and Board level, it is very clear that they understand why this is important for the industry to collectively demonstrate the work on responsible mining. A lot of the key good practices have been in place for a long time and the RGMPs build on well-established practices. There has been strong commitment from WGC member companies collectively as well who have each committed to implementation.

**Q9 – Assurance with variable site level progress:** With respect to the point about the implementation and assurance both being at the entity (corporate) level and the site level, how would the assurance be handled if some sites are further along than others?

**A9:** Unless the sites that are further behind are very close to full conformance (e.g. with very few non-material, non-conformances and no material non-conformance) it would not be possible for the company to reach full conformance in this scenario. Conformance over the RGMPs is at an organisational level. A site could be recognised for conforming with all the RGMPs but that does not equate to the company being in full conformance if other sites have not also reached full conformance.

**Q10 – Covid-19 Travel restrictions:** How do you deal with the site visit requirements while there are covid-19 travel restrictions?

**A10:** This has not been a significant issue to date with members because assurance in years 1 and 2 can be done as a “desk exercise” conducted at corporate level and does not require travel. If the travel restrictions continue for a long period of time then we may have to rethink how assurance can be conducted. There may also be a few companies who would like to accelerate their plans and reach full conformance earlier. However, at this stage we do not see that as being possible given the importance of site visits as part of the assurance process.

**Q11 – Timing of public commitment to the RGMPs:** Is there a deadline for the public commitment i.e. if a company’s Sustainability Report is issued in March 2021 for the reporting year 2020, could the commitment be included in this? Or does it need to be made public pre-Sept 30, 2020?

**A11:** We have seen many companies already make their public commitments in one way or another. Public commitment does not necessarily have to be part of the sustainability report, it could be a reference on the company website, it could be disclosed in a public presentation. It would also be acceptable for the public commitment to be made in the 2020 reporting, which would come out sometime in 2021.

**Q12- Assurance for suppliers:** Are you expecting suppliers of the 26 member companies to adopt the RGMP and to be assured too or just the 26 members?

**A12:** There is no requirement for suppliers to implement or to be assured against the RGMPs. However, the RGMPs do require implementing companies to help support contractors and suppliers to operate responsibly and to a similar standard to themselves, and to conduct risk-based monitoring of compliance (see RGMP 3.1). This provision of support and compliance monitoring will, therefore, be the subject of assurance.

**Q13 – Is the assurance to be provided on RGMP conformance or RGMP reporting?** Is the expectation that the assurance provider opinion is on the description of how a company has conformed with the Principles or whether the company has actually conformed with the Principles? If it is a description of conformance then the opinion might still be unqualified and if there were non-conformances as long as the company then discloses the non-conformances publicly.

**A13:** The opinion is based on assuring the company’s conformance with the Principles not just what is described in a report. There should not be unqualified opinions if there are material non-conformances. That said, if the company is very close to conformance with a very limited number of Principles, and they have a clear timetable and action plan for reaching conformance, then that could lead to a clean opinion as well.

**A14 – New sites acquired:** If the company acquires a new site what is the reasonable timeframe within which to expect that new site to achieve conformance with the Principles and to get the site visit by the assurer?

**A14:** We have stipulated that the 3-year ramp-up window would apply to newly acquired sites in order to reach full conformance, although we would expect in many cases it would be done sooner.

**Q15 – Conflict-Free Gold Report:** Can the conflict free gold report be combined with the RGMP report?

**A15:** There is some overlap between the provisions of the CFGS and the RGMPs (e.g. implementation of the Voluntary Principles on Security and Human Rights) and implementation of the CFGS is a requirement of the RGMPs. The reports can be combined, as can the assurance processes so that one scope of work covers the conflict free gold standard and the RGMPs assurance. Implementing companies are likely to take direction from their refiners as to what is acceptable.

**Q16: Resolving non-conformances:** During an assurance visit we could find that a site has, for example, three non-conformances, which would mean they are not in full conformance with the Principles. Is there an expectation, after giving the company time to resolve the non-conformances, that the assurance providers revisit the gaps and, assuming they are corrected, re-issue the assurance report stating that they are now fully compliant with the Principles?

**A16:** We have not outlined the different scenarios that might lead to one conclusion or another. There is language in the Assurance Framework FAQs (see below) that talks about how to manage variances across sites and how to follow up and close off non-conformances that may be found, which could range from doing an additional site visit the following year to remote confirmation that the action plans have been completed to close the gaps. There is no reason why assurance providers cannot re-issue their assurance report as soon as conformance is reached or release a separate statement to that effect. One key difference between the RGMPs and some other frameworks is that the Principles are based on a binary pass/fail approach rather than a continuous improvement/‘journey’ model. This is in part driven by the need to provide refiners with clear guidance about standards for their due diligence under the LBMA’s Responsible Gold Guidance. Having said that, of course there may be situations where one or more temporary non-conformances may arise and these have to be addressed and resolved in a timely manner through agreement with the assurance provider.

### **Related Q+A from the Assurance Framework (Annex 3)**

**Does every site need to meet all 51 of the RGMPs? What happens if a site does not conform with one or two Principles, but conforms with the rest?**

As set out in **Section 3.3**, the Principles allow up to a three-year initial implementation period, after which implementing companies are expected to have implemented all of the applicable Principles, in all material aspects, across all of the sites within the scope of implementation. If after three years there are isolated elements of specific Principles that have not been implemented, assurance can still be obtained provided that there is adequate disclosure in the company’s reporting around the areas of non-conformance and there is a clear plan in place to address the areas of non-conformance in a timely fashion. It will be down to the judgement of the assurance provider to determine at what point multiple areas of non-conformance mean that an implementing company cannot be said to have implemented the Principles and the assurance cannot be obtained. Further detail on non-conformance is provided in **Section 4.5**.

**How does an assurance provider assure the company when it does not visit every site?**

An assurance provider will typically start its review at a company's head office to understand how each Principle applies at the company and the extent to which there are common or consistent policies and processes in place across the company to conform with the Principles. The assurance provider will then visit one or more sites (depending on the size of the portfolio) to test how the Principles have been implemented in practice. In the event of a multi-year assurance engagement, in the early years of assurance, when an assurance provider is seeking to become more familiar with an implementing company, it may look to increase the number of sites visited in order to feel confident that there is a consistent level of performance across sites (even if conformance with the Principles differs between sites). An assurance provider may additionally carry out "remote" testing of selected issue areas (at sites that are not being visited) e.g., through telephone interviews and site-specific document review.

**If a company or site is assured as conforming with the Principles, does it have to be assured repeatedly?**

Assurance is delivered on an annual basis, so each year conformance with the Principles will need to be demonstrated. Although an assurance provider may rely on knowledge and insights gained in previous years' assurance engagements, each year a company will need to demonstrate conformance with all sites in the scope of implementation. If a site has been visited as part of an assurance engagement, and is judged to be conforming with the Principles, it is unlikely that it will be visited the following year as it is recommended that each site will be visited at least every three to five years. However, an assurance provider will want to confirm a site's continued conformance with the Principles, especially if there are higher-risk ESG issues that need to be carefully managed. For lower-risk environments, this may sometimes be done remotely (e.g., through telephone interviews/document review) or through a consolidation exercise at corporate level.